

**TIME & EFFORT REPORTING**  
**Semi-Annual Certification and PARs (personnel activity reports)**  
**OMB Circular A-87 Rule – Compensation for Personnel Services**

**The Rule**

If an employee is paid with federal funds, then it must be demonstrated that the employee worked on that specific grant program. If federal funds are used for salaries, then “time distribution records” are required.

**Who must keep “time distribution records”?**

- ANY employee working on a federal program (*Not contractors or personnel listed as a 300 – purchased services*)
- ALL employees paid with federal funds

**Two types of “time distribution records”**

Single Cost Objective (an employee works 100% on a single activity, i.e. special education)

- Semi-annual certification statements signed every six months by supervisor OR employee

Multiple Cost Objectives (an employee works on multiple activities, i.e. special education and regular education)

- If an employee has multiple funding sources and multiple job responsibilities, the employee **MUST** maintain **Personnel Activity Reports (PAR)**
  - Signed *every month* by EMPLOYEE

**What are Semi-Annual Certifications?**

An assurance statement signed by the supervisor or employee that the employee funded by the grant spends 100% of his/her employment working on the objective directed by the federal project.

**What are PARs?**

Monthly detailed reports demonstrating that the amount of time charged to the grant is the amount of time the individual worked on the project’s objective (as an example, the amount of time a school psychologist works with special education).

PARs must:

- Be completed after-the-fact (this has been stressed by OMB)
- Be completed *at least* monthly and signed and dated by employee
- Must account for total activity of employee
- Kept on record by the subrecipient agency

PARs Documentation

- There must be documentation to verify underlying basis of the personnel activity report.
  - Actual effort, not estimated effort
  - Consult supporting documentation when completing monthly report
    - Calendar, work product, time log
  - Audits have specifically looked at what documentation / system was used to complete the PARs
- **Even if allowable activities are completed and done according to the approved grant application, a lack of documentation supporting Personnel Activity Reports renders the activities NON-ALLOWABLE and subject to repayment.**

**PARS and Grant Budgets - Comparisons and Adjustments**

- Quarterly comparisons of actual costs to budgeted distributions
- If a difference between actual costs and budgeted costs is 10% or greater, then adjustments must be made in claiming
- If difference is less than 10%, then the adjustment is made to claim at the end of the fiscal year.

# Time & Effort Reporting

OMB Circular A-87

<http://www.whitehouse.gov/omb/rewrite/circulars/a087/a087-all.html#attb>

## ATTACHMENT B - SELECTED ITEMS OF COST

### 8. Compensation for personal services.

- a. General. Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under **Federal awards**, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this Circular, and that the total compensation for individual employees:
    - (1) Is reasonable for the services rendered and conforms to the established policy of the governmental unit consistently applied to both Federal and non Federal activities;
    - (2) Follows an appointment made in accordance with a governmental unit's laws and rules and meets merit system or other requirements required by Federal law, where applicable; and
    - (3) Is determined and supported as provided in subsection h.
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- h. Support of salaries and wages. These standards regarding time distribution are **in addition** to the standards for payroll documentation.
    - (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
    - (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
    - (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
    - (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
      - (a) More than one Federal award,
      - (b) A Federal award and a non Federal award,
      - (c) An indirect cost activity and a direct cost activity,
      - (d) Two or more indirect activities which are allocated using different allocation bases, or
      - (e) An unallowable activity and a direct or indirect cost activity.
    - (5) Personnel activity reports or equivalent documentation must meet the following standards:
      - (a) They must reflect an after the fact distribution of the actual activity of each employee,
      - (b) They must account for the total activity for which each employee is compensated,
      - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
      - (d) They must be signed by the employee.
      - (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:
        - (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed; \
        - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
        - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.